UNITED STATES PATENT AND TRADEMARK OFFICE

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/259,619	03/01/1999	TIMOTHY LABADIE	210655.90018	5502

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EXAMINER
COLBERT, ELLA

ART UNIT	PAPER NUMBER
3624	

DATE MAILED: 07/13/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

	Application No.	Applicant(s)
Office Action Summary	09/259,619	LABADIE ET AL.
	Examiner	Art Unit	
	Ella Colbert	3624	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE <u>3</u> MONTH(S) FROM
THE MAILING DATE OF THIS COMMUNICATION.
- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed
  after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
  Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any
  earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *18 April 2005*.

2a)☒ This action is **FINAL**.   2b)☐ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is
closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-14 and 16* is/are pending in the application.

    4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1-14 and 16* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

    Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

    Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

    a)☐ All b)☐ Some * c)☐ None of:

      1.☐ Certified copies of the priority documents have been received.

      2.☐ Certified copies of the priority documents have been received in Application No. _____.

      3.☐ Copies of the certified copies of the priority documents have been received in this National Stage
application from the International Bureau (PCT Rule 17.2(a)).

    * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1)☐ Notice of References Cited (PTO-892)
2)☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3)☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
    Paper No(s)/Mail Date _____.

4)☐ Interview Summary (PTO-413)
    Paper No(s)/Mail Date. _____.
5)☐ Notice of Informal Patent Application (PTO-152)
6)☐ Other: _____.

DETAILED ACTION

1.   Claims 1-14 and 16 are pending in this communication filed 04/18/05 entered as

Response After Non-Final Action and Request for Extension of Time. Claim 1 has been

amended.

2.   The 35 USC 112 second paragraph rejection has been overcome for claim 1 by

Applicants' amendment and is hereby withdrawn.

Claim Rejections - 35 USC § 103

3.   The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all

obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or

described as set forth in section 102 of this title, if the differences between the subject

matter sought to be patented and the prior art are such that the subject matter as a

whole would have been obvious at the time the invention was made to a person having

ordinary skill in the art to which said subject matter pertains. Patentability shall not be

negatived by the manner in which the invention was made.

4.   Claims 1-4, 6-7, 10-11, 13-14, and 16 are rejected under 35 U.S.C. 103(a) as

being unpatentable over, Barnes et al, hereafter Barnes, US Patent No. 5,970,475, in

view of Elgamal, US Patent No. 6,138,107.

        Per independent claim 1; Barnes discloses a check transport system comprising:

a merchant computer executing a stored program to communicate with the Internet to

create an Internet site (via a catalogue -- column 6, lines 6-32) listing products for sale

to the public and indicating an option for payment for the products by check drawn on

funds held by a third party bank independent of the merchant; ("Bank"-FIG. 1); an

anonymous customer computer independent from the merchant computer, and

executing a stored program for communicating with the merchant computer over the

Internet to identify the product desired to be purchased and to select the check payment

option, the computer further transmitting at least one unique customer identifier ("The

debtor's name, address, telephone number, description of the debt, and the amount are

typically already known to the collection agent) from a customer over the Internet. In the

case of use of this system for mail or telephone orders of goods and services, this

information will be obtained by the person receiving the order and entered into the

system"-column 8, lines 47-65); and a processor computer independent from the

customer computer programmed to receive at least one customer identifier in response

to a selection of the payment by check option ("entered into the system"-column 8, line

36-47), the processor computer further including a data structure matching the customer

identifier to at least one statistical element without communication with the third party

bank, a probability of a payment obligation by the customer being honored ("Security

Layers" are used in both the buyer and supplier systems to provide authorization and

encryption/decryption of critical communications" –indicating the method of payment

would be secure). This information will be particularly useful in cases where the present

system is used as a payment mechanism for mail or telephone orders. Barnes lacks,

however, an explicit illustration of ordering online, it is directed principally to a

procurement system and supplier system. However it does explicitly suggest embodying

networking technologies ("internet, levels of security, a customer or purchaser system,

customer server, supplier Web catalog server, order processing system, and an ACH

Gateway..."-column 7, line 1-col. 8, line 12). Elgamal demonstrates: an Internet-based

payment validation system comprising a merchant computer and a customer computer

("fig. 3-column 11, line 64-col. 12, line 10.

1 C); programmed to communicate with the Internet to create an Internet site listing A

product for sale (the system allows a customer to purchase merchandise without having

to disclose the account number to the merchant) and indicating a option to pay by check

("payments from merchants to customers without burdening the banks ... such as credit

card numbers") from funds held by a third party (inherent in col. 2, lines 54-65); a

customer computer programmed to communicate on the Internet and to communicate

with the merchant computer (element 40--FIG. 1 ; consumer desktop 30--FIG. 1) to

identify the product desired ("select the items to be purchased"-col. 6, lines 42-47) to be

purchased and to select the check payment option ("means of payment has been

selected"—col. 6, line 53-col. 7, line 11). It would have been obvious to a Person Having

Ordinary Skill In the Art at the time of the invention, i.e., PHOSITA, to combine the

online ordering system of Barnes with the secure courier system of Elgamal, by

accepting the information required to process Elgamal's check online in a mail ordering

system such as disclosed in Barnes, in order to improve access to mail order goods and

services for those who do not have a credit card. Further motivation to combine would

have been in order to reach a wider customer base, e.g., Internet users. Further

motivation to combine would have resulted from the observation that both Barnes and

Elgamal as relied upon were directed to the same technical field of endeavor, i.e.,

paying for mail order-goods and services. Further motivation to combine would have

resulted from the inherent analogy between telephone and internet ordering, i.e.,

Internet retailing would have been recognized at least in part as analogous to the

catalogue retailing business, and thus similar methods would have been recognized as

desirable to port Internet e-cataloguing because the online ordering of Barnes, for

example, would have been an electronic (automated) counterpart to prior-art printed

catalogues.

Per dependent claim 2, Barnes and Elgamal disclose all elements as applied in

the rejection of independent claim 1, supra. Barnes further discloses: a statistical

element selected from a group consisting of a total price of the identified product, the

price and timing of previous purchases of other products using the unique customer

identifier, the type of identified product and the occurrence of any dishonored payment

associated with the previous transactions using the customer identifier (col.8, lines 36-

47). It is noted that this is a Markush claim which requires only one of the recited

elements. --One acceptable form of an alterative expression is commonly referred to as

a Markush group, recites members as being 'selected from a group consisting of A, B,

and C--See Ex pane Markush, 1925 C.D. 126 (Comm'r Pat. 1925).

Per dependent claim 3, Barnes and Elgamal disclose all elements as applied in

the rejection of independent claim 1, supra. Barnes further discloses:

(1) an indication of not authorized, indicating that the acceptance of a check is not

advised ("all functional components have potential requirements for error handling"), (3)

an indication of authorized with a guarantee indicating that the amount of the check will

be guaranteed (col. 9, lines 49-65). Per (2), Barnes fails to explicitly recite authorizing a check without guarantee, however this is implied, since a payment is explicitly done to provide "determining whether sufficient funds are available"-column 12, lines 57-64). "In considering the disclosure of a reference, it is proper to take into account... the inferences which one skilled in the art would be reasonably expected to draw therefrom"-In re Prada, 401 F.2d 825, 159 USPQ 342, 344 (CCPA1968) cited in MPEP 2144.01. Further, Barnes explicitly discloses accepting a payment instrument based on the payment clearance and settlement system –col. 8, lines 48-64). It would have been obvious to PHOSITA at the time of the invention to include an indication of no guarantee, but availability of funds and subject to the merchant's discretion in Barnes and Elgamal, because it is implied by the disclosure of Barnes, and in order to help a merchant to make an informed decision to accept a check even if a guarantee is not available. Further motivation to do this would have been in order to allow a merchant to accept a minimal risk when the risk was low, e.g., for small sum transactions, and in order to allow a merchant to make a decision on additional information, e.g., a personal relationship with the buyer, when the buyer had no history of passing bad checks.

Per dependent claim 4, Barnes and Elgamal demonstrates all elements as applied in the rejection of independent claim 1, supra. Barnes further implies: "printing of the check" (issues invoices and payments-column 8, lines 48-64).

Per dependent claim 6, Barnes and Elgamal demonstrates all elements as applied in the rejection on independent claim 1, supra. Barnes further discloses a phone -column 3, line 52-66), and bank server (column 3, lines 66 –col. 4, line 4). It is noted

that this is a Markush claim which requires only one of the recited elements. --One

acceptable form of an alterative expression is commonly referred to as a Markush

group, recites members as being selected from a group consisting of A, B, and C--See

Ex parte Markush, 1925 C.D. 126 (Comm'r Pat. 1925).

Per dependent claim 7, Barnes and Elgamal demonstrates all elements as

applied in the rejection of independent claim 1, supra. Barnes further discloses

obtaining a bank outing code and providing the customer with a portion of the unique

identifier (col. 6, lines 13-31). Examiner's note: at minimum the check is returned to the

customer.

Per dependent claim 10, Barnes demonstrates all elements as applied in the

rejection of independent claim 1, supra. Barnes further discloses "statistical elements

based on the occurrence of previously dishonored payments (column 6, lines 54-65).

Per dependent claim 11, "Official Notice" is hereby taken that it notoriously well

known to present a drivers license number as identification when cashing a check. It

would have been obvious to PHOSITA at the time of the invention to include a driver's

license number in the system of Barnes and Elgamal in order to further verify the

identity of the buyer, and in order to increase chances of collecting a bad check.

Per dependent claim 13, Barnes further discloses "EDI messages"-column 20,

line 56-67) It is noted that this is a Markush claim which requires only one of the recited

elements. --One acceptable form of an alterative expression is commonly referred to as

a Markush group, recites members as being 'selected from a group consisting of A, B,

and C--See Ex parte Markush, 1925 C.D. 126 (Comm'r Pat. 1925).

Per dependent claim 14, Barnes further discloses matching the customer

identifier to the bank name, customer name and bank routing information; "periodic

payments"-column 8, lines 12-27).

Per dependent claim 16, Barnes did not teach, wherein the processor computer

transmits the authorization indication contemporaneously with the selection of the check

payment option. Elgamal discloses, wherein the processor computer transmits the

authorization indication contemporaneously with the selection of the check payment

option (col. 5, lines 44-47). It would have been obvious to one having ordinary skill in

the art at the time the invention was made to have the processor computer transmit the

authorization indication contemporaneously with the selection of the check payment

option and to modify in Barnes because such a modification would allow Barnes to have

a choice of payment instruments such as an electronic check, a debit card, a credit

card, a micro-payment, an electronic coin, or a smart card based on a personal

preference.

5.   Claims 8-9 are rejected under 35 U.S.C. 103(a) as being unpatentable over

Barnes, US Patent No. 5,970,475 in view of Elgamal, US Patent No. 6,138,107 and

further in view of Templeton et al., US Patent No. 5,679,940.

Per dependent claim 8, Barnes and Elgamal et al fails to wherein the statistical

element is based on a total price of the identified product.

Templeton teaches that transactions that do not involve a lot of money are low risk

transactions. It further teaches using this as a criteria for evaluating risk in accepting

checks ("in the case of low risk transactions, which typically involve checks written for

small amounts of money, the risk of loss may not justify the delay and communications

costs associated with obtaining an on-line authorization indicia from the authorization

host computer. Accordingly, a merchant may be able to reduce the costs and

inconvenience by not requesting authorization indicia from the check acceptance

service if a check is below a predetermined amount, or floor limit. In such cases, some

check acceptance services provide check guarantee and require only that the merchant

keep a log of the accepted checks that fall below the floor limit. "--col. 2, lines 30-41"). It

would therefore have been obvious to PHOSITA at the time of the invention to employ

total price as a risk factor in the invention of Barnes and Elgamal because as it was

taught by Templeton, low price transactions were low risk, and thus transaction amount

would have been a good indication of risk involved in a check transaction of Barnes.

Per dependent claim 9, Barnes and Elgamal lacks a teaching of evaluation

transaction risk via price and timing. Templeton teaches price (col. 2, lines 30-42) and

timing col. 13, lines 35-67. It would have been obvious to PHOSITA at the time of the

invention to use price and timing as evaluation criteria for e-check risk in Barnes,

because Barnes teaches risk in payment transaction; and Templeton teaches that these

factors provided a good predictive model for echeck transactions, and therefore it would

have been obvious to PHOSITA at the time of the invention to employ timing of previous

transaction in the risk evaluation method of the combined device, e.g., by using these

factors to make a decision on guaranteeing the check, in order to increase the accuracy

of risk prediction of Barnes and Elgamal.

Response to Arguments

6.   Applicant's arguments filed 04/18/05 have been fully considered but they are not

persuasive.

Issue no. 1: Applicant argues: There is no suggestion or teaching in Barnes that

selection of the check option causes the generation of a customer identification

information to go to the processor computer and Applicant can find no other reference

to "check" in this application nor is any mechanism described that would enable on-line

check submission has been considered but is not persuasive. Response: It is

interpreted that it is understood that the payment option selected can be by check and

known that some type of identifier has to be transmitted to a bank's transaction

processor before the transaction can take place and the payment can be settled.

Issue no. 2: Applicant argues: The Applicant believes the current claim language

clearly distinguishes from Barnes and the Applicant is open to amendments in the claim

language which would clearly distinguish the current statistical elements from these

security features clearly not intended to be covered by the present invention has been

considered. Response: It is suggested to add and to clarify in the claim language "the

statistical elements are not security related". The "authorization" element in claim

limitation three is considered to be a security feature. It is unclear to the Examiner how

the matching of the customer identifier takes place to a selection of the check payment

option then the data structure matching the customer identifier to at least one statistical

element without the communication with the third party bank. Why is the "statistical

element" not considered a security feature"? What is this "statistical element"? The

third limitation needs to be more clearly written because as written it is very unclear. It

is suggested to break part of the limitation apart like limitations one, two, and four. Also

to add "Internet check payment" in the body of the claim.

Applicant might consider adding some claim language relating to the merchant

needing a statistical understanding of the risks of accepting a check from the customer

in order to have an understanding this takes place. It is unclear as to the "statistical

elements" that indicate probability of a payment obligation by the customer being

honored. Clarification in the claim language is respectfully requested.

Conclusion: Although the claims are interpreted in light of the specification,

limitations from the specification are not read into the claims. See *In re Van Geuns*, 988

F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993).

The Examiner carefully drew up a correspondence of each of Applicants' claimed

limitations, one or more referenced passages in Barnes and Elgamal, what is well

known in the art and what is obvious to one having ordinary skill in the art at the time

the invention was made.

The Examiner is entitled to give limitations their broadest reasonable

interpretation in light of the Specification (see below):

2111   Claim Interpretation; Broadest Reasonable Interpretation [R-1]

>CLAIMS MUST BE GIVEN THEIR BROADEST REASONABLE INTERPRETATION

*During patent examination, the pending claims must be "given the broadest reasonable
interpretation consistent with the specification." Applicant always has the opportunity to amend the claims
during prosecution and broad interpretation by the examiner reduces the possibility that the claim, once
issued, will be interpreted more broadly than is justified. In re Prater, 162 USPQ 541,550-51 (CCPA
1969).<*

Conclusion

7.   **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time

policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE

MONTHS from the mailing date of this action. In the event a first reply is filed within

TWO MONTHS of the mailing date of this final action and the advisory action is not

mailed until after the end of the THREE-MONTH shortened statutory period, then the

shortened statutory period will expire on the date the advisory action is mailed, and any

extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of

the advisory action. In no event, however, will the statutory period for reply expire later

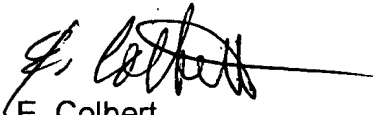than SIX MONTHS from the mailing date of this final action.

Inquiries

8.   Any inquiry concerning this communication or earlier communications from the

examiner should be directed to Ella Colbert whose telephone number is 571-272-6741.

The examiner can normally be reached on Monday-Thursday, 6:30AM-5:00PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's

supervisor, Vincent Millin can be reached on 571-272-6747. The fax phone number for

the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the

Patent Application Information Retrieval (PAIR) system. Status information for

published applications may be obtained from either Private PAIR or Public PAIR.

Status information for unpublished applications is available through Private PAIR only.

For more information about the PAIR system, see http://pair-direct.uspto.gov. Should

you have questions on access to the Private PAIR system, contact the Electronic

Business Center (EBC) at 866-217-9197 (toll-free).

E. Colbert
July 6, 2005